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**FISCAL IMPACT STATEMENT**

**LS 6613**

**BILL NUMBER:** HB 1069

**NOTE PREPARED:** Dec 14, 2006

**BILL AMENDED:**

**SUBJECT:** Small Business Litigation Expenses.

**FIRST AUTHOR:** Rep. Koch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires a state or local governmental entity to pay reasonable litigation expenses to a small business if a court awards the litigation expenses after finding that the governmental entity brought a civil action or administrative action against the small business without substantial justification.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** This bill could increase expenditures of all state and local governmental entities. The bill requires a governmental entity to pay reasonable litigation expenses to a small business if a court finds that the governmental entity brought the civil action or administrative action against the small business without substantial justification. Ultimately, any increase in expenditures will be determined by the number of actions filed by a governmental entity which are determined by the court to be unsupported by a substantial justification.

Under the bill, reasonable litigation expenses means:

- (1) court costs;
- (2) administrative hearing costs;
- (3) attorney's fees; and
- (4) witness fees.

A court may award these expenses to be paid to a small business in an original court action, or the court may also award these expenses in those cases where the court hearing is an appeal of an administrative proceeding by the governmental entity. The bill provides that the court may find that the small business prevails in its

appeal, and also find that the administrative hearing which was the basis for the appeal was without substantial justification.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.